

Business Excellence with a Positive Social Impact

PRIDE INDUSTRIES
ANNUAL REPORT | 2023

PRIDE
INDUSTRIES



TO OUR CUSTOMERS, PARTNERS, AND FRIENDS

A LETTER FROM JEFF AND BOB



Bob Olsen, Board Chair, and Jeff Dern, President and CEO

For more than 57 years, PRIDE Industries has served communities across the country with one purpose: our mission to create employment for people with disabilities. PRIDE Industries is a social enterprise that delivers business excellence in multiple industries to fuel our mission. We prove every day that business excellence and a positive social impact go hand in hand.

Our fiscal year 2023 was a year of continued growth. We achieved a modest net surplus of \$0.2 million on record total revenues of \$460.4 million. From coast to coast, we remain steadfastly focused on strengthening our culture and operations and serving our customers. Enclosed you will find our annual highlights. In short, PRIDE Industries remains the nation's leading employer of people with disabilities. This year, we reported 4,494 total employees, including 1,998 employees with disabilities, and we provided services to 4,822 people with disabilities while placing 243 individuals with disabilities into community employment.

One of the biggest votes of confidence we receive from our customers comes from renewed business. Our Federal Facilities Services team renewed two major contracts—the Fort Johnson Base Operations Support contract providing facility and range maintenance for the Joint Readiness Training Center was renewed for five years, employing 160 team members, including 71 with disabilities; and the Joint Base McGuire-Dix-Lakehurst Base

Operations Support contract for facility and range maintenance, landscaping, and water treatment operations was renewed for eight years, employing 120 team members, including 55 with disabilities.

Our Manufacturing and Logistics Services team has worked with HP Inc. for 25 years, earning the tech giant's trust to manage its supply chains for 37,000 spare parts in support of its print business. In March, we hosted an annual business review with HP Inc., where we received high praise in recognition of our performance. We also partnered with HP Inc. to complete a multi-year enterprise system migration project ahead of schedule, a testament to PRIDE's customer service and integration with HP Inc.'s systems and business processes.

The employment services arm of PRIDE, Workforce Inclusion, has expanded our reach to serve more people with disabilities, both within PRIDE's operations and with our business partners in the community. We are proud to offer three new programs beginning in 2023. First, our new Community Integration Program offers employment training and access to a wide variety of employment tracks. It is a customized program with each person's unique employment training and employment goals in mind. We also launched a new pre-employment services program thanks to the support of our late Senator Diane Feinstein who secured a federal award of \$500,000 for graduating high school students in rural areas. And, in collaboration with The Michael Ziegler PRIDE Industries Foundation, we launched Yes!, our new Youth Employment Services program. The YES! program offers training and employment services for transition-aged youth 16-25 years of age in Sacramento and Placer counties.

Once again, we want to express our deep appreciation for everyone who contributes to PRIDE Industries' ongoing success—our business partners, employees, donors, community supporters, and Board of Directors. Together, we're creating life-changing employment opportunities for people with disabilities.



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What Guides Us

As the nation's leading employer of people with disabilities, we believe that people of all abilities should have equal access to achieve their employment goals. This belief shapes everything we are as a company. We are bound by a set of core values and a shared commitment to diversity, equity, and inclusion.



OUR MISSION

To create employment for people with disabilities.

OUR VISION

An inclusive world where people of all abilities have equal access to achieve their employment goals.



OUR CORE VALUES

Our goal is to create an inclusive world where people of all abilities have equal access to opportunities to achieve employment and independence. PRIDE Industries promotes the following values, which are the core of who we are as a company:



INTEGRITY

We do the right thing. We earn the trust of teammates, customers, and partners every day with transparency, accountability, and respect.



TEAMWORK

We work together. We actively include everyone's ideas and efforts to reach our goals.



TENACITY

We won't give up. We, as individuals and teammates, help each other overcome obstacles, adapt, and turn challenges into growth opportunities.



INNOVATION

We are problem solvers. We are constantly looking for new ways to improve our services. When we find something that can be improved...we act.

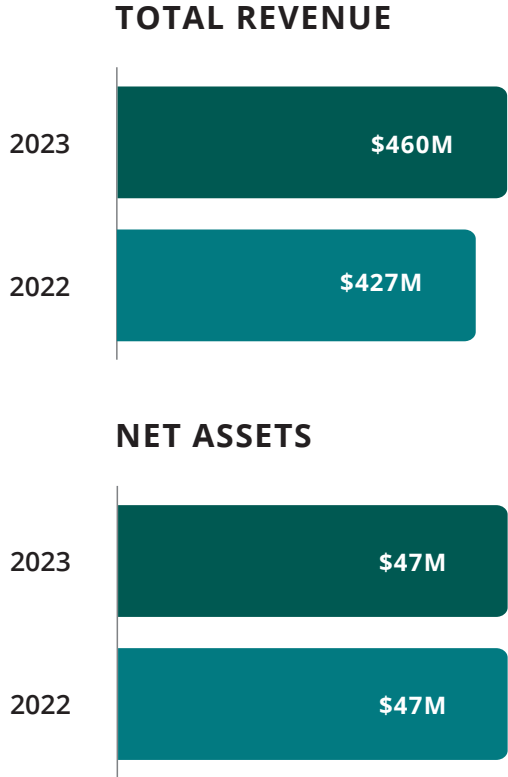
Fiscal Year 2023 in Review

MISSION SNAPSHOT



*Services include job development, vocational training, day programs, behavioral management programs, independent living services, and more.

FINANCIAL SNAPSHOT



Business Excellence with a Positive Social Impact

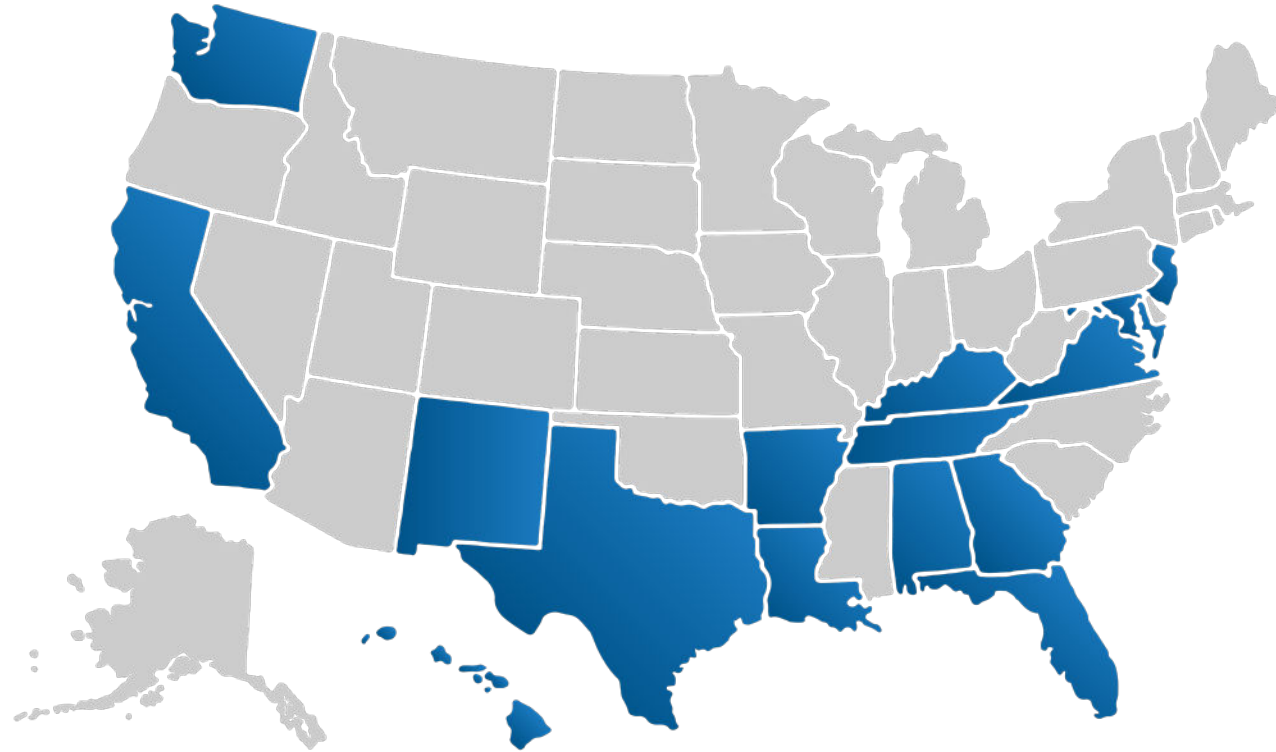
We like to say that you don't have to choose between business excellence and a positive social impact. The two go hand in hand. Here are a few examples:

- California Department of Corrections and Rehabilitation/California Health Care Facility (CDCR/CHCF) Stockton was struggling to retain a reliable custodial workforce and was at risk of losing its licensure to provide healthcare for 1,200 inmates. PRIDE Industries took over the contract in 2016 and has provided an eager workforce of 160 employees, many of whom have a disability, that exceeds all safety and sanitation requirements with a Health Assessment Maintenance record that is consistently over 90 percent. In July, the customer provided a special breakfast in recognition of their safety record and overall performance.
- Palo Alto Networks is the world's largest network security company. PRIDE Industries' team of 30, including 25 team members with disabilities, assembles the company's manufacturing kits. Palo Alto Networks' executives came to meet the team in June and, to show their appreciation, sponsored an ice cream social for the PRIDE Industries employees.
- Angela "Angie" Rao, who has a developmental disability, celebrated 32 years working with our employment partner, Raley's supermarkets, as a courtesy clerk. "I call her my morning light," said Danielle Bergmann, Angie's store team leader. "She's probably one of the top five courtesy clerks I've ever had."
- Fort Johnson (formerly Fort Polk) awarded PRIDE Industries a new five-year contract to provide base operating support services. The award began June 1 and will employ 160 team members, including 78 team members with disabilities and 18 military veterans.

2023 Top Business Wins and Renewals

- Social Security Administration
- General Services Administration
- Santa Clara County Health and Hospitals System
- Calif. Dept. of Corrections and Rehabilitation
- Transact
- County of Placer
- Los Angeles County Public Libraries
- Sacramento Municipal Utility District (SMUD)
- County of Santa Clara
- Fort Johnson (formerly Fort Polk)
- County of San Diego
- City of Roseville
- County of Santa Clara
- Judicial Council of California
- Avison Young
- Superior Court of California
- Humana Government Business

Where We Work



Business Services by the Numbers

13,000

BUILDINGS MAINTAINED

375K

SQUARE FEET OF WAREHOUSE SPACE

3.6M

SQUARE FEET OF FACILITIES ARE LEED-COMPLIANT

200K

PRODUCTS BUILT, PACKAGED AND SHIPPED EVERY MONTH

26M

SQUARE FEET OF FACILITIES CLEANED

65K

SQUARE FEET OF MANUFACTURING FACILITIES

140M

SQUARE FEET OF FACILITIES MANAGED

99.9%

ORDER ACCURACY OF PRODUCTS BUILT, PACKAGED, AND SHIPPED

3M

ACRES OF LAND MAINTAINED

Deepening Relationships: Customer Experience Management

CXM OVERVIEW

Last year we launched our Customer Experience Management (CXM) initiative to deepen customer loyalty and satisfaction, increase revenue, reduce operational costs, and further differentiate PRIDE Industries' business services from our competitors. Starting with our Manufacturing, Logistics, and Supply Chain (MLS) line of business, we interviewed customers and team members to learn about their experiences regarding the quality, cost, and delivery of our services. From this invaluable feedback, we identified specific opportunities to enhance our communications, training, and internal processes to serve our customers' needs better. We also ran workshops to create "wow" moments—opportunities to turn customer experiences into memorable interactions that deepen customer relationships.

We reduced costs by optimizing processes, adding KPIs and regular performance reviews with customers, and streamlining the sales process to accelerate business quotes. Where we spotted inefficiencies, we made improvements. And we introduced a new engineering services offering to increase revenue and differentiate MLS in the contract manufacturing space.

CXM RESULTS

By taking the time to listen to our customers and act on what they tell us, we are streamlining processes to create a better customer experience.



Here are some of the results:

- Quote times have been reduced from 20 days to 10 days.
- Delivery times have improved from 70th percentile to 90th percentile.
- Because of opportunities we identified to streamline processes with one customer, the customer gave us an opportunity to pitch for \$1.5M in additional revenue.
- We restructured inventories and workloads with three customers to improve the accounts' profitability.
- Eliminating inefficiencies with one customer led to a 25 percent increase in productivity.

CXM FUTURE PLANS

CXM is a top initiative that is being rolled out company-wide in phases. The CXM Implementation Team wrapped up its work with MLS in May and moved to the Commercial Facilities Services (CFS) team in June. We are redefining what customer service means and how to ingrain a customer service mentality into our DNA at every level of the company. We are creating robust processes and key performance indicators (KPIs) to measure the success of our customer service-oriented approach—one which will pay dividends as we address each line of business and operational support department.

"PRIDE Industries offers a real partnership that is hard to find, especially compared to offshore manufacturers."

**- CHRIS KRUGER
MANAGING DIRECTOR,
VORTRAN LASER SOLUTIONS**

More Than a Program

At PRIDE Industries, CXM is more than a program. It's a change in our approach to customer relationships—one we will launch across all facets of our business. CXM will help us deliver more value to customers, make our jobs easier, and further differentiate PRIDE Industries in the industries we serve. CXM will:

- Enhance our customer relationships.
- Increase revenue growth.
- Improve overall service delivery.
- Identify operational efficiencies.
- Increase our competitiveness.
- Improve employee satisfaction.



The Michael Ziegler PRIDE Industries Foundation

People with disabilities face hidden and visible barriers to employment.

The Michael Ziegler PRIDE Industries Foundation provides pathways to employment for people with disabilities, helping them overcome these barriers and others. Since 2021, we have focused on two major initiatives:

- The I AM ABLE Helpline assists people with disabilities, military veterans, and foster youth with individualized guidance to employment resources and opportunities.
- The YES! (Youth Employment Services) program offers pre-employment services, paid internships, and connections to employment programs for opportunity youth.

Young people, those graduating from high school or aging out of foster care, are looking for their first jobs and may lack the experience employers are looking for in qualified candidates. Some don't have current resumes, interview skills or attire, and need some support to become "job ready." Others require assistive technology like tablets, hearing aids, or screen readers to make it possible to perform job duties.

The Michael Ziegler PRIDE Industries Foundation was named in memory of our beloved longtime CEO. In the pages that follow, you'll learn more about our exciting programs—each supported by public donations and designed to remove barriers to employment.

PROGRAMS AND SERVICES



I AM ABLE HELPLINE

Assisting people with disabilities and others facing barriers to employment by providing personal guidance to job resources and services.



ASSISTIVE TECHNOLOGY

Providing tools that enhance functionality at home and at work, opening up new learning and career opportunities.



TRANSPORTATION SERVICES

Providing reliable transportation to and from work, training, and vital services; delivering essential items to home or work.



JOB COACHING

Ensuring a productive experience for both employee and employer, with dedicated coaches who offer personalized, on-the-job support.



VOCATIONAL TRAINING

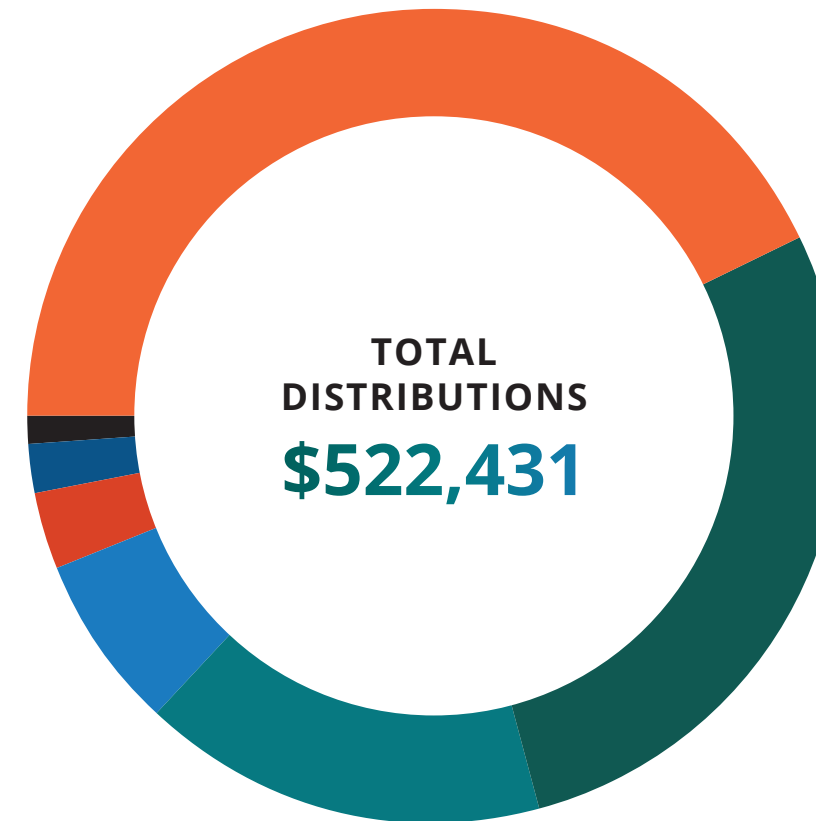
Teaching the job-ready skills needed to enter the workforce and begin successful careers in any one of multiple industries.



PAID INTERNSHIPS

Providing job seekers with the opportunity to learn new skills and demonstrate job readiness to potential employers.

PROGRAM DISTRIBUTIONS



SUMMARY OF DISTRIBUTIONS

I AM ABLE Helpline	\$222,218	43%
Job Coaching	\$145,456	28%
Transportation	\$87,000	16%
Internships	\$39,117	7%
Assistive Technology	\$14,040	3%
Career Hub	\$10,000	2%
Misc. Services	\$4,600	1%

Internship Leads to Employment

Marc Grundy was diagnosed with autism when he was a toddler—after his parents noticed that he averted eye contact with his mother, didn't respond to verbal or emotional signals, and struggled with expressing his emotions. As he grew older, he came to understand more about his autism. He also realized what he did and did not want to do with his life.

"I attended college in 2017 and 2018," he says. "But I didn't like the pace of learning there." That's when Marc found PRIDE Industries. In March 2019 he began working with Workforce Inclusion Assistant Manager Carlos Perez. Carlos showed Marc how to prepare a resume, apply for jobs, and participate in the interview process. Marc found a paid internship as an assembler in PRIDE Industries' manufacturing department and is now a full-time employee.

"It works well for me because of my attention to detail and passion for building things," says Marc.

Four years later, Marc continues to impress his supervisor. "Marc has been a great employee," says Production Supervisor Mukesh Kumar. It's not only Marc's attention to detail that impresses his co-workers. His soft skills are also on point. "Marc's dedication, commitment, and teamwork are commendable," says Kumar. "His pleasant personality contributes to a positive work environment as well. He's always here, eager to work and learn new things."

"Though I'm pretty fine with where I'm at right now," he says, "I do have a few thoughts on what else I could do, and I think they are things PRIDE Industries could help me pursue."



Employment with Heart

Two traits define Jasmine Long's employment journey: tenacity and empathy. "I've been helped, and I like to help others overcome challenges," she says. Born with Spina Bifida, Jasmine is no stranger to challenges nor to overcoming them.

Still, by age 22, nearing completion of her bachelor's degree, as her job applications yielded no interviews, she was becoming discouraged. That's when she learned about PRIDE Industries and its I AM ABLE Employment Helpline.

Jasmine called the helpline and was connected to a PRIDE Industries employment specialist, who helped her find a paid internship as an assistant to the I AM ABLE Helpline's manager. She did such a great job that, a year later, she was hired as an employment specialist at our job center. Today, she is excelling in that role.

When asked about her favorite part of her job, she's quick to answer, "Helping people like me."



2023 Highlight



The Foundation funds transportation to and from work for 64 people each month at the following locations: Barksdale AFB and Fort Johnson (LA); Little Creek, Norfolk, and Oceana Navy Stations (VA); and CDCR Stockton (CA).



Over the past 2+ years, the I AM ABLE Helpline has placed 128 people with disabilities into employment with estimated gross wages of \$3 million. In total, the Helpline has connected 3,400+ people with employment, training, and government and community resources.



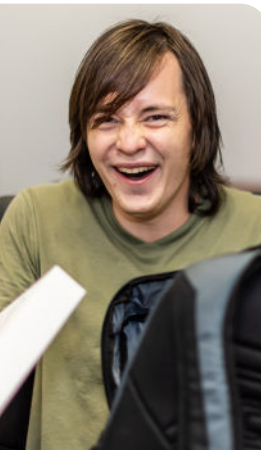
YES! Program Growth

In January we debuted our Youth Employment Services (YES!) Program at our Career Hub in Citrus Heights, California. The program serves opportunity youth, that is, young adults aged 16-24 who are at risk of disconnection from education or employment; are unhoused or in child welfare, juvenile justice, or legal systems; are living in concentrated poverty; or face barriers to workforce participation.

YES! Program services include vocational and soft-skills training, job search guidance, employment placement, transportation, employee liaison services, on-the-job coaching, mentoring, counseling, continuing education, paid internships, independent living instruction, personal safety training, relationship building, interpersonal communication, and recovery education.

To date, we have helped launch the careers of 32 youths with disabilities, 38 opportunity youths, six unhoused youths, and one refugee—for a total of 77 youths placed into employment since the January launch.

The YES! Program is made possible by grants from philanthropic and governmental organizations, including the Kelly Foundation, Teichert Foundation, Walter S. Johnson Foundation, Our Little Light Foundation, Golden One, U.S. Bank Northern California, City of Citrus Heights Community Block Grant, Sacramento Employment and Training Agency (SETA), and Workforce Innovation and Opportunity Act (WIOA).



Thank You, Donors

We are grateful for the generosity of our supporters, whose investments advance our mission of creating employment for people with disabilities.

ENDOWMENTS

Ethan Allen Herr Memorial Endowment Fund
Placer Community Foundation
Sacramento Regional Community Foundation

FOUNDATIONS

California Foundation for Stronger Communities
Kelly Foundation
San Diego Foundation
Setzer Foundation
Sundt Foundation
Teichert Foundation
Walter S. Johnson Foundation

CORPORATIONS

Bank of America
Golden 1 Credit Union
Kaiser Permanente
MUFG Union Bank
Signature Bank
United Auburn Indian Community
US Bank Northern California
Wells Fargo

MAJOR GIFTS

James Jones
Jerald Katz
Brice Harris
Dale Carlsen
Lou Vismara
Robert Olsen

TOTAL RAISED IN FY2023:

\$513,879

Mentoring Academy Celebrates Graduation

At PRIDE Industries, our continued success depends on the diverse skills, experiences, and backgrounds that our employees bring to work every day. To help foster the growth and development of our workforce, our DEI team launched our Mentoring Academy in 2022. This initiative has three primary goals:

1. Accelerate the personal and professional development of staff.
2. Create a culture of learning that adds to our human capital and helps employees reach career goals.
3. Build an environment that supports the essential role of mentoring in leadership development.

In February 2023, the first class of the Mentoring Academy graduated, with 25 mentees guided by 26 mentors.

“Participating in the Mentorship Academy has been a privilege as well as a mutual learning and development opportunity,” said mentor and Roseville Training Manager Kim McDowell.

“The mentoring program has been here for me at the right place and time,” said mentee and Workforce Inclusion Assistant Manager in Citrus Heights, Carlos Perez. “Now as an emerging leader I could not be more grateful for my mentor.”



Our Expertise

MANUFACTURING, LOGISTICS, AND SUPPLY CHAIN SERVICES

- ISO 9001:2015 Certified
- ISO 13485 Certified
- CSMTPE Certified Engineers
- ITAR Registered
- FDA 21 CFR Part 820 Compliant
- IPC Member
- SMTA Corporate Member
- FDA Food-Site Registered
- CA Organic Processed Food Licensed
- CA Processed Food Licensed
- Pet Food Processor Licensed

FACILITIES MANAGEMENT SERVICES

- CIMS-GB Certified with Honors
- IFMA Sustainable Facilities Professionals (SFP)
- NCARB (National Council of Architectural Registration Boards)
- NCEES (National Council of Examiners for Engineering and Surveying) Professional Engineer
- LEED (Leadership in Energy and Environmental Design)
- PMP (Project Management Professional)
- RCE (Realtor Association Certification)
- AIA (American Institute of Architects)
- Landscape Industry Certified by the National Association of Landscape Professionals (NALP)
- ISA Arborist Certification
- I.A. Landscape Irrigation Auditors Certification
- Traffic Control and Flagging Certification

Awards and Recognitions

Best of the Best Top Veteran-Friendly Companies 2023
U.S. Veterans Magazine

VETS Indexes 4 Star Employer
2023 VETS Indexes

Top 300 Impact Companies
Real Leaders®

Leading Disability Employer
National Organization on Disability (NOD)

Most Innovative Disability Employment Service 2023
Acquisition International

Excellence in Corporate Social Responsibility 2023
Acquisition International

FY2023 Timeline of Events

July 2022

MILESTONE

The I AM ABLE Helpline reaches 1,600 served—connected to employment, training, and government and community services since its inception in January 2021.

AWARD

Our CARF accreditation is renewed for three years, ensuring compliance with Department of Rehabilitation requirements.

Aug 2022

CONTRACT WIN

Santa Clara County expands our contract to encompass a total of 46 facilities in six areas: Parks and Recreation, Roads and Airports, County Executive's Office, Agriculture and Environmental Management, Health and Hospital Systems, and Probation.

Sep 2022

CONTRACT WIN

Beale AFB awards a five-year contract for custodial services, providing employment for 16 team members, including 12 employees with disabilities.

CONTRACT WIN

Fort Novosel awards a scope increase for call center work.

Oct 2022

AWARD

PRIDE Industries receives funding from the Omnibus Appropriations Act of 2022. The funds will be used to provide pre-employment services for students with disabilities aged 16 to 24 years.

MILESTONE

Phase II of the CXM program begins.

Nov 2022

MILESTONE

The I AM ABLE Helpline celebrates one year of operation, assisting nearly 2,000 callers, 80% of whom were unaware of the services available to them.

CONTRACT WIN

The County of San Diego awards a five-year service contract for HVAC and mechanical maintenance.

Dec 2022

MILESTONE

PRIDE Industries hosts a special visit by Dante Allen, executive director for CalABLE, California's qualified Federal ABLE Act savings and investment program for people with disabilities.

Jan 2023

MILESTONE

The YES! Program launches (*see page 20*).

CONTRACT WIN

Fort Johnson awards a five-year contract renewal for base operations services, employing 143 people, including 77 with disabilities.

CONTRACT WIN

GSA Sacramento awards a five-year contract, employing 30 employees, including 22 with disabilities.

Feb 2023

CONTRACT WIN

The Social Security Administration awards a five-year custodial services contract, employing 23 employees, including 12 with disabilities.

CONTRACT WIN

The electronics manufacturing team becomes an authorized supplier to The Boeing Company—the third largest defense contractor in the world.

Mar 2023

MILESTONE

The PRIDE Industries-staffed Ord Commissary is named Best Large Commissary in the United States for FY 2022 by the Defense Commissary Agency.

Apr 2023

MILESTONE

The Department of Homeland Security (DHS) expands a contract to process immigration applications after PRIDE Industries completed 42,000 unprocessed applications.

CONTRACT WIN

Vortran Laser and Opal Kelley award printed circuit board assembly (PCBA) contracts expected to annualize \$450,000 in revenues.

May 2023

MILESTONE

Smuckers and the Defense Commissary Agency award top honors to the PRIDE Industries-staffed Oceana Naval Air Station Commissary for their winning Smucker's display and overall commissary condition.

June 2023

CONTRACT WIN

Fort Johnson (formerly Fort Polk) awards a new contract, employing 160 team members, including 78 with disabilities and 18 military veterans.

AWARD

PRIDE Industries named Best of the Best Top Veteran-Friendly Companies 2023 by U.S. Veterans Magazine.

OUR LEADERSHIP

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